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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

National Intelligence Officers

8 December 1981

NOTE FOR: Director of Central Intelligence

FROM: Charles E. Waterman, NIO/NESA

SUBJECT: Political and Economic Policy Towards Libya

As a general statement, I would favor the courses of action listed under Option 2, "Withdraw U.S. Business Personnel from Libya." The economic sanctions themselves, as described in the paper, do not have teeth in them and are symbolic only. The withdrawal of personnel, while having only a temporary effect on Libyan production capability, does remove a serious impediment to utilization of a much larger range of options in the future. This would include political action, and so on, without fear of reprisals on US citizens. This implication would not, I suspect, be lost on Qadhafi and may figure in his future planning. In short, withdrawal renders any future warning more credible.

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Talking Points for the DCI

Further Specifics Concerning Qadhafi's Reactions to a Demarche

We believe Qadhafi will be inclined on balance to permit US citizens to leave Libya before or after a demarche. But the greater the level of confrontation, the greater the likelihood that Qadhafi will take steps to harass the Americans or to hold the Americans hostage. Accordingly, we believe it would be best to get as many Americans out before a demarche as possible.

If the Americans are withdrawn before a demarche is issued, they would be relatively safe. They could, however, expect delays in their departures due to:

- red tape in obtaining exist visas, probably due to an excess of zeal on the part of local authorities.
- demands that outstanding issues such as payment of back taxes be dealt with before all are allowed to leave (FXXON employees have reportedly run into such problems).
- Possible problems in arranging landing rights should extra flights be needed.

After the US sends a private demarche, however, Qadhafi will have been put on notice of what the US intends. The risk increases that he will make the decision not to allow all

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Americans to leave in order to retain some control over US actions. The resulting delays may look much like those experienced in the former situation, but will be far more serious and long-drawn out--presumably until the crisis is somehow resolved. Should he decide to allow them to withdraw, there may be a risk of crowd harassment.

Qadhafi will be influenced by a number of factors:

- Fears of his own and his country's safety. These will trigger his survival instinct, inclining him to pull back and seek a peaceful resolution of the conflict.
- Qadhafi may turn to the Soviets for advice and for some sort of guarantee of Libya's safety.
- Qadhafi may also turn to such allies as he possesses in the area for assurances of support--notably the Syrians, but also other members of the Steadfastness Front (South Yemen, the PLO, Algeria) and the Tripartite Agreement (Ethiopia).
- If a private demarche become public, Qadhafi's psychological need to face down a superpower would be engaged, escalating the situation dangerously.

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